

Estimated tea sales trends (million lbs.)

	1978		1979		1980		1981		1982		1983		1984	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Iced Tea	110.83	71.5%	109.80	71.3%	110.29	70.7%	109.82	70.4%	108.19	69.8%	116.84	72.0%	116.60	73.8%
Hot Tea	44.17	28.5	44.20	28.7	45.71	29.3	46.18	29.6	48.81	30.2	43.36	27.1	41.40	26.2
Total	155.00	100.0%	154.00	100.0%	156.00	100.0%	156.00	100.0%	155.00	100.0%	160.00	100.0%	158.00	100.0%

Sources: USDA, DSI, NABI, ABWA, Laidlaw Ansbacher Research

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come the choice of consumers concerned with ingredients in other beverages.

"Bottled water is an alternative to the tap, and carbonated water to other beverages," Deal explains.

He estimates sales for domestic and imported waters in 1985 to reach \$1 billion, and per capita increases to reach about 12%.

"Also, look for a number of new companies to get into the flavored mineral waters area," he predicts.

Imputed water has dropped in usage from year to year, from 70.6 gallons per capita in 1964 to only 37.9 gallons in 1984. Last year's total represents a decline of 6.4% in consumption, attributable to substitution of bottled water and other beverages.

Beer battles

Per capita usage of beer for 1984 dropped from 24.3 to a flat 24 gallons, according to Maxwell's report.

Most of the industry is unsure of just what to blame the decline on—changing demographics, adjusted lifestyles, changing attitudes about alcohol and tougher drunk driving laws or increased popularity of other beverages.

"I don't see any one reason; it's a combination of things," says Frank McNeirney, director of communications for National Beer Wholesalers Assn.

"Certainly the crackdown and public awareness of alcohol abuse has had the effect of limiting on-premise drinking," McNeirney explains. "And there are perceived health reasons, where people think less alcohol consumption is good for their health."

Maxwell sees the beer industry suffering as a result of the success of soft drink, juice

and bottled water categories. "Any time a lifestyle change occurs, there's nothing anybody can do about it," Maxwell points out.

According to some, the answer can be found partially in numbers. "Our initial analysis is that about one-half of the apparent slowdown can be explained in demographic terms," says Robert Weinberg, of R.S. Weinberg & Associates analysis firm. That is, a decrease in the 18-24-year-old age group.

Weinberg maintains a wait-and-see attitude to determine the long-range effect of the consumption decline; he questions whether the shift was brought on by an actual change in attitude, or spawned by the institutional crackdowns on alcohol. In the latter case, the effect would be short-term, reversing itself when the attention died down.

According to McNeirney, the whole concept of a decline in per capita usage shouldn't paint a gloomy picture for the industry. "It's short-sighted to expect it to keep going up each year," he maintains.

"It's mostly brand versus brand sales. Someone with a responsible look at the industry would not hope per capita consumption would go up forever," he says. "We really haven't got much to complain about."

With the introduction of low-alcohol beers by virtually every major brewery, including Anheuser-Busch, G. Heileman, Stroh, Pabst and Miller, it appears many put some stock in that segment picking up sales for the category. So far, it seems that it hasn't.

Although McNeirney points out the product is very new, there have been "no

spectacular reports of its use since its introduction."

A number of companies, including Binding-Brauerei, will continue to push forward in the U.S. market with no-alcohol products. Binding distributes Clausthaler Non-Alcoholic Beer in both Ger-

many and the United Kingdom with much success, the company reports, and plans for national distribution in the U.S. by the end of 1985.

Although small at present, there appears to be a market for these products. Moussy, an alcohol-free light malt beer

imported by White Rock, passed the million case sales mark after only a year in the U.S. Alfred Morgan, Jr., says Moussy has 30% of the market and is now the world's best selling product in this category.

"Moussy's success is di-

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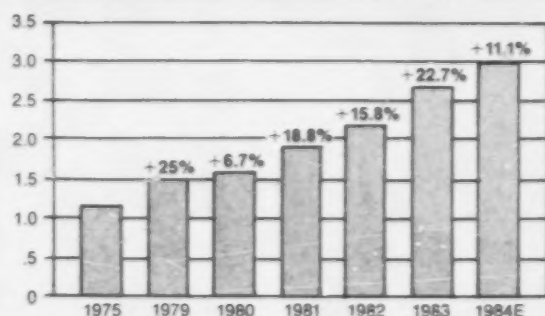
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Bottled water consumption (gallons per capita)



Sources: USDA, DSI, NABI, ABWA, Laidlaw Ansbacher Research estimates

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rectly linked to a growing market of adults ranging from minimum drinking age to their 70s, whose drinking habits are changing to suit their increasing concern with physical well being, health maintenance and weight control," adds Mark Cooper, marketing director.

Distilled spirits showed no change at all in per capita consumption for 1984 at 1.8 gallons annually. The rate had fallen slightly in 1983, previously remaining stable at 2.0 since 1974.

Some attribute the tough drinking laws with the lack of movement; others the change in attitude toward alcohol, particularly what's considered hard alcohol, by the American

consumer.

The industries are waiting to see if the trend is permanent or temporary before deciding how to combat any perception changes by the public.

Despite flat markets for these alcoholic beverages, consumers drank more wine than usual in 1984. At 2.5 gallons, it enjoyed a 5.7% hike in usage.

Domestic wine accounted for about 1.9 gallons of that total, with imports comprising the remaining .6 gallons.

The category has shown increases of much less magnitude in previous years; 1983 boasted only a 1.2% change, and 1982 a 0.3% rise over 1981.

According to Maxwell, the sudden spurt last year was due largely to the introduction of

wine coolers, which sparked a great deal of market activity.

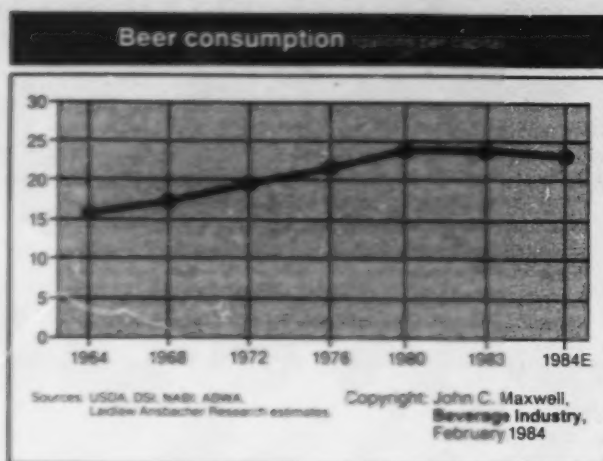
Milk shows promise

The dairy industry is saluting its mainstay—milk—once again, as it showed gains in consumption for the second year running.

At 21.1 gallons per capita, milk maintains a significant portion of the liquid consumption category. The segment showed an increase of almost 1% over 1983 figures.

The credit for this success over what previously was considered at best a stagnant market is given mainly to lowfat and skim milks.

According to John Speer, president of Milk Industry Foundation, consumers are



turning more to lowfat, 2% milks for health and dietary reasons, which is in turn spur-

ring the entire category to increased success.

"We experienced an increase in 1984 over the last few years in nonfat and lowfat products, mainly because of the nutritional awareness and health consciousness of consumers," Speer notes.

"Also, fairly stable prices of milk have helped sales," he says.

With a \$56 million industry advertising program, along with stable prices and consumer concern with health, Speer predicts a growth rate for the coming year at about 3-4%. "There are a lot of factors out there, including health and pricing. A lot of our members are advertising more, along with the activity of the promotion board."

On the warmer side

Tea sales showed a slight decline in terms of sales, but in conjunction with institutional sales, marked a slight increase in usage.

Iced tea continues to edge out hot tea in terms of consumption, accounting for almost 74% of all tea consumed.

Coffee consumption achieved its first upswing in five years.

National Coffee Assn. estimates consumption was upped from 1.85 to 1.99 cups per person, per day. No one is quite sure why, though the increase may be due in part to the generic promotional campaign begun in September 1983 covering the whole coffee category.

Nonetheless, the upward trend is expected to continue in the coming year. "Although we can't be sure, it looks like there will be a continued trend in increased coffee consumption, judging from the bean import figures," says Bob Brooks of National Coffee Assn. of U.S.A. Inc.

Powdered drinks, which hit the market in 1975 at an impressive 4.8 gallons per capita, showed a 3% decline in consumption. The category had maintained a flat or increased market since 1979.

It's possible that the new soft drinks, juices and juice drinks have detracted from this market, due to their health, taste and convenience qualities. □

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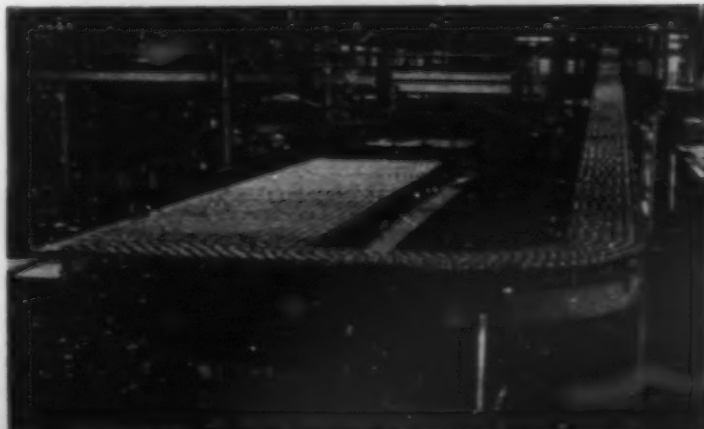
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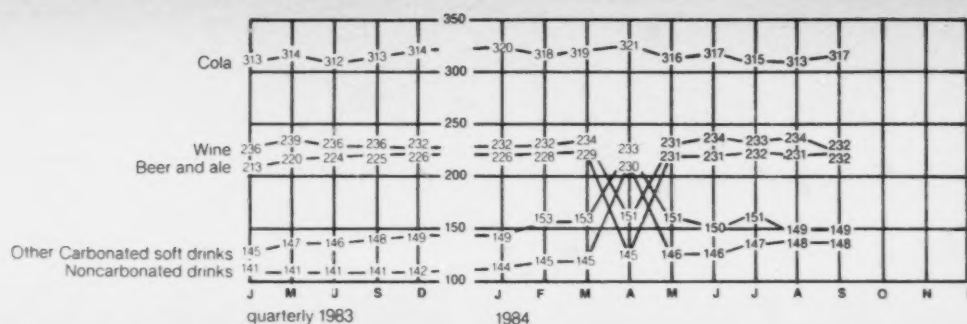


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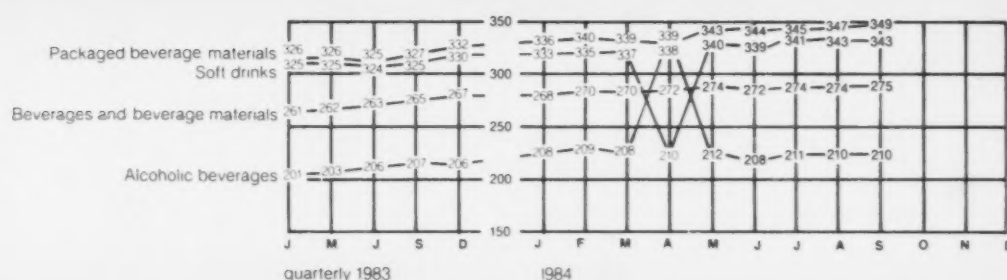
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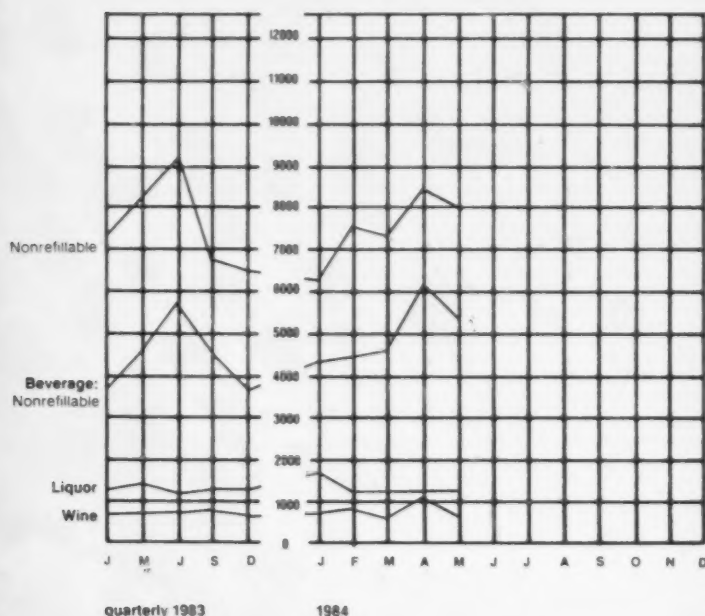
1984 CONSUMER PRICE INDEX (1967 = 100)



1984 PRODUCER PRICE INDEX (1967 = 100)



BOTTLE SHIPMENTS (thousands of gross)



IMPORTED BEVERAGES (proof gals)

	July 1984	Aug. 1984	% Change	Aug. 1983	Aug. '83 vs. Aug. '84 % Change
Beer*	24,815,053	24,367,247	(1.8)	18,069,334	34.9
Whiskey	6,687,133	5,856,563	(12.4)	7,412,365	(21.0)
Brandy	514,524	393,008	(23.6)	325,018	20.9
Gin	578,785	404,785	(30.1)	482,895	(16.2)
Rum	249,527	153,081	(38.7)	122,807	24.7
Cordials & liqueurs	859,191	739,559	(13.9)	522,621	41.5
Others	1,138,612	1,054,782	(7.4)	928,440	13.6
Total	36,718,762	36,969,025	(0.2)	27,863,480	18.3
Sparkling wines	1,049,643	1,046,075	(0.3)	694,264	50.7
Still wines, table	12,243,946	9,325,733	(23.6)	8,886,257	4.9
Still wines, fortified	164,319	199,597	21.5	156,639	27.4
Vermouth	254,112	214,443	(15.6)	182,066	17.8

*Includes ale, stout, porter.
Source: National Association of Beverage Importers.

ALCOHOLIC BEVERAGE REMOVALS (barrels of 31 gals)

	June 1984	July 1984	% Change	July 1983	July '83 vs. July '84 % Change
Beer	17,449,461	17,152,740	(1.7)	17,103,625	0.3
Wine*	33,342,909	26,000,304	(22.0)	29,652,854	(12.3)
Spirits*	30,191,677	21,599,676	(28.5)	24,693,465	(12.5)

*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

CLOSURES FOR BEVERAGES (thousands of gross)

	May 1984	June 1984	% Change	June 1983	June '83 vs. June '84 % Change
Metal (for spirits, wines)*	80,670	79,019	(2.0)	78,598	0.5
Plastic (for spirits, wines)*	136,974	128,944	(5.9)	148,871	(13.4)
Metal Crowns (beer & soft drinks)	14,703	15,249	3.7	14,756	3.3
Soft drink (convenience and conventional)	6,161	6,151	(0.2)	6,969	(12.0)
Beer (convenience and conventional)	8,542	9,098	6.5	7,767	17.1
All other metal closures other than crowns	9,105	9,526	4.6	8,898	7.1

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census